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### Avoid Deceit & Fraud

Cooperative Extension South Dakota State University

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# avoid deceit & fraud



Cooperative Extension Service  
South Dakota State University  
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# avoid deceit & fraud

Each year, more and more people are exposed to a variety of selling techniques. The great majority of them are fair and honest, but for those that are not, thousands of dollars are lost, leaving behind frustrated and unhappy customers.

Both business and consumers have responsibilities to make the marketing systems work. Consumers should recognize some of the warning signals of selling schemes and be prepared to act accordingly. Know the law governing the practice and where to report. Warning signals imply that you:

Have been especially selected.

You get something free--or at least far below regular price.

You must sign something, but don't need to read it.

You can make high earnings--no experience or skills are needed.

A person uses a phony story to gain entrance to your home and then you find out he is selling something.

Salesman in a hurry--leaving you no time to check out local business to compare prices.

## COMMON DECEPTIVE SELLING SCHEMES:

**Bait & Switch** - A product is advertised at a very low price. When you want to buy the item, it is downgraded by the seller, and the seller attempts to sell you a more expensive item. He strongly encourages you to buy a higher-priced similar item.

**Earn Money at Home** - These schemes all have one thing in common. They require you to buy something before you can begin work. Ads are meant to sell information. For a small fee, you get a booklet explaining the offer, next you are given a chance to buy unstamped double postcards which offer some product or service. You mail the postcards to people you pick and if any of the cards are filled in with an order, you receive a commission. No money is paid merely for addressing and mailing the cards. The following is an example:

\$ 1.00 for information

5.00 250 postcards

6.00

15.00 paid by you to the promoter for stamps for postcards

\$21.00 total money you spend

2.00 your commission on two orders

\$19.00 total loss to you

**Buying By Mail** - Each year, hundreds of thousands shop by mail and find it a convenient, satisfactory way to satisfy their shopping needs. There are however, mail order shopping schemes. Follow these mail order shopping tips:

Beware of exaggerated claims for products or unrealistically low prices for merchandise.

Carefully read catalogs. Keep a copy of the ad or brochure you order from.

Before ordering, find out if the merchandise is offered on a satisfaction guaranteed basis.

Pay by check or money order and be sure to include any shipping and handling charges. Never send cash through the mails.

Be sure to clearly indicate your name and address.

Keep a record of your order, including name and address of company, date you placed the order, your cancelled check or number of money order.

Check your order promptly upon receipt. Notify the company at once if the item is not satisfactory.

**Home Improvements** - Because most homeowners do have need for major repairs or remodeling at one time or another, making you aware that there are dishonest practices may save you some money and unsatisfactory work. When faced by a home improvement salesman, the most important rule is: Do not let any salesman talk you into repairs you do not really need or want.

Check with your local building supplier; he may suggest several contractors.

Ask contractors if work would be done by their full-time crew or by subcontractors. Generally speaking, a firm that uses only subcontractors will use cheap labor and materials, so establish where the responsibility for satisfactorily completed work will be.

Do not be deceived by a name - unethical home remodelers may use names of nationally recognized products in their business name to indicate some connection, when in fact, no connection exists.

Ask representatives of companies to give you names of previous customers in the area with whom they've done business.

Accompany salesman on inspection of your property where work is to be done.

Beware of scare tactics, model home tricks, referral schemes, or statement of interest document. Don't sign anything until you know you understand and agree to the full contract. Be sure all the blanks are filled in where appropriate or a line drawn through the space, all promises of the contractor are included in writing, specifications, supplies, prices, and deadline dates, that the contractor will obtain the necessary building permits or licenses, that the contractor and workers are covered by workmens' compensation and liability insurance, which means that those supplying labor and materials to your contractor give up their right to claim part of your property.

**Free Gift** - If you should "win a prize" it should cost you nothing to collect it. A store credit for \$50 is often good for nothing--prices are usually raised to offset the amount. Beware of the door-to-door salesman who asks questions about the ages of your children, where they go to school and what reference books you have to "help" them at home. Soon he is describ-



ing the wonderful set of encyclopedia books he can give you free if you pay only \$29.95 a year for ten years for quarterly supplements. The clincher to the sale is when the salesman offers a free dictionary if you sign up today.

**Understand the Guarantee** - There is no law that says the manufacturer has to guarantee his product. A guarantee, however, makes a product more appealing to the buyer. The problem for the buyer is to be able to identify legitimate advertising of guarantees. "Guaranteed for 3 Years" means little unless the buyer understands what part or parts of the item is guaranteed, under what conditions of use, whether labor for replacement or repair is included, and what the buyer should do if they have a problem with the item.

#### When is a Bargain - A Bargain?

If a salesman says, "Our carpeting is commercial, heavy-duty, hotel-quality carpeting, you usually can't buy for your home," watch out. If he adds,

"We just happen to have some of this fine carpeting left over from a big motel job," don't be fooled. And if he says, "You've got to act fast to get this deal because there are several looking at this," don't you believe it. The carpeting is just regular, run-of-the-mill carpeting you can buy in several reputable stores for the same price or even less. The fact that this merchant has lots of carpeting to for sale and may be in a hurry to sell it, doesn't mean you should be in a hurry. A reputable dealer will give you all the time you need to make a selection that will give you years of satisfaction.

Don't buy until you have compare quality and price.

Don't sign anything until you have read and understand all print on the contract.

IF Something Seems To Be Just Too Good To Be True,  
It Probably Is!  
LOOK Before You Leap!

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